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Dr Bill Pender
Inquiry Secretary
Joint Select Committee on Northern Australia
PO Box 6021
Parliament House
(via email: jscna@aph.gov.au)

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Dear Committee Secretary

Development of Northern Australia

Rio Tinto Alcan has a significant presence on Western Cape York (Queensland) and North East Arnhem Land (Northern Territory) and welcomes the opportunity to comment on matters raised under the terms of reference for this new inquiry into the development of northern Australia. The development of a white paper that is broadly supported by governments and industry, and that offers a comprehensive suite of practical solutions, presents a significant opportunity to realise the potential of the north of Australia.

Rio Tinto Alcan is one of five product groups operated by Rio Tinto, a leading international mining group. Rio Tinto Alcan's global bauxite and alumina division is headquartered in Queensland. It operates the Weipa bauxite mine on Western Cape York Peninsula and the Gove bauxite mine and alumina refinery in North East Arnhem Land, currently employing approximately 2,500 people between these two locations.

In addition, Rio Tinto Alcan employs over 3,000 people at its refining and smelting operations in Gladstone, Queensland. These operations, which are reliant on a reliable supply of bauxite from the Weipa bauxite mining operation, fall just outside the area of focus for this Inquiry, but are worth noting. They are:

- the Yarwun alumina refinery in Gladstone developed in 2001 and, in 2012, Rio Tinto Alcan completed an expansion of the Yarwun refinery and

has finalised commissioning of what is now a 3.4 million tonne per annum operation;

- an 80 per cent interest in the 3.9 million tonne per annum Queensland Alumina Limited refinery; and
- a 60 per cent interest in the 570,000 tonne per annum Boyne Smelters aluminium smelting operation and a 42 per cent interest in the Gladstone Power Station.

These operations employ approximately 3,000 people and are mainstays of the Gladstone region. Each year, the operations contribute hundreds of millions of dollars in salaries and wages, and community investments.

The Weipa and Gove operations will be the main focus for this submission.

Rio Tinto Alcan Weipa

Rio Tinto Alcan (formerly Comalco) began mining activities at Weipa, on the Western Cape York Peninsula, in the late 1950s following the discovery of the vast bauxite resource by geologist Harry Evans in 1955 and the entry into a State Agreement, endorsed by the then Premier of the State of Queensland and Comalco. Alcan South Pacific acquired a prospecting and then mining area in the north and east of the Comalco lease in the 1960s, also pursuant to a State Agreement. Since grant, Rio Tinto Alcan companies have been conducting mining operations in Weipa for over 50 years.

Rio Tinto Alcan supports Native Title rights and undertakes its mining operations in consultation with the Traditional Owners of the region, ensuring that obligations established under our Indigenous agreements are met.

In 1997, Alcan South Pacific also entered into an agreement known as the Ely Bauxite Mining Project Agreement with six Traditional Owner groups, three Aboriginal Councils and the Cape York Land Council. Following the acquisition of Alcan by Rio Tinto in October 2007, Rio Tinto Alcan Weipa is now responsible for the implementation of this Agreement.

In 2001, the Western Cape Communities Co-Existence Agreement (WCCCA) was signed by Rio Tinto Alcan (then named Comalco), with 11 Traditional Owner groups, four local Aboriginal Councils, the Cape York Land Council and the Queensland Government.

The main purpose of both agreements is to provide a comprehensive, legally binding structure for Rio Tinto Alcan Weipa's relationships with the Traditional

Owners, on whose traditional lands Rio Tinto Alcan Weipa acknowledges they operate.

Whilst these agreements recognise Native Title rights and interests on Rio Tinto Alcan Weipa mining lease areas, they also seek to assist with the preservation of Traditional Owners' culture and to provide a range of benefits and initiatives for the communities.

Rio Tinto Alcan plays an important role in the quality of life and future of the Weipa region and Queensland. The operation contributes both funding and resources to local people and organisations in areas such as childcare, education, employment, training, health, safety, environment and recreation, royalties to the Queensland Government and production linked payments and employment support and training for Traditional Owners.

Community facilities and infrastructure are also managed and partly funded by Rio Tinto Alcan and partly funded through a user pays system. This includes providing electricity to Weipa at subsidised rates.

As at the end of 2013, Rio Tinto Alcan Weipa directly employed approximately 1,073 people, 22 per cent of whom identify themselves as Indigenous. Eleven per cent of Rio Tinto Alcan Weipa's employees consider themselves to be local Aboriginal people, with specific connections to the Traditional Owner groups from across the mining lease areas.

Rio Tinto Alcan has been operating in the Western Cape for more than 50 years and values land and water as essential resources from an overall sustainable development perspective. We are strongly committed to managing land and water in a sustainable manner. Rio Tinto Alcan has a long, established track record of working with government to sustainably manage these resources and continually looks for ways to improve land and water management while contributing to the Queensland economy and communities in Cape York.

The Weipa bauxite mining operation produced 26 million tonnes of bauxite in 2013, shipping product to both Gladstone and export markets. Rio Tinto Alcan is currently proposing the South of Embley project, which would see mining activity

transition from the current East Weipa and Andoom mining areas. Weipa will continue to be the home for Rio Tinto Alcan's workforce.

Rio Tinto Alcan Gove

The Gove bauxite mining and alumina refining operations are located 650 kilometres east of Darwin in North East Arnhem Land on Aboriginal land. The mine is situated on extensive deposits of high grade bauxite.

The Commonwealth Government carried out mineral exploration in the 1950s and was successful in discovering a bauxite deposit that covered 65 square kilometres and contained an estimated 250 million tonnes. After initial resistance by the government to mine, in 1964, Nabalco, the former owner of the mine and refinery, was set up and granted a lease with a commitment to build a township, port facility and mine. The construction of the mine led to the Gove land rights case, which initially resulted in ruling in favour of the mineral company.

The mine and alumina refinery have been operated by Rio Tinto Alcan since 2007, following the acquisition of the former Alcan by Rio Tinto.

In May 2011, the historic Gove Traditional Owners Agreement was signed with Rirratjingu, Gumatj and Galpu Traditional Owners, the Northern Land Council and Rio Tinto Alcan. This was a momentous occasion for the entire community as it formally acknowledged Traditional Owners for the first time in the operation's history. Rio Tinto Alcan and Traditional Owners are now working together to advance the agreed commitments outlined in the Agreement.

Nhulunbuy is a purpose built town developed by the former owner of Alcan Gove (Nabalco). The town is built on a Special Purpose Lease on Aboriginal land and is now the largest town in East Arnhem Land, the fourth largest town in the Northern Territory, and the administrative centre for the region. Rio Tinto is responsible for funding town services and managing the town of Nhulunbuy. The town currently has a population of approximately 4,000 people and services a region of 16,500 people.

In November 2013, Rio Tinto announced it would suspend alumina production at Gove in 2014 and focus on its bauxite operations. Key factors influencing the decision were continuing low alumina prices, a high exchange rate and

substantial after-tax losses for the refinery, despite considerable efforts to improve refinery performance during that time.

The phased suspension of alumina production will occur between February and July this year and see employment numbers reduce from 1,400 to around 350.

The refinery will move to care and maintenance from August to ensure it is prepared for a potential re-start in the future. The ongoing bauxite mining operations will provide bauxite for Rio Tinto Alcan's alumina refining operations and export.

Rio Tinto Alcan recognises the suspension of alumina production will have a significant impact on the local community and the scope and level of services that can be supported. A transition support plan has been implemented by Rio Tinto Alcan to assist employees, residents and businesses through this period of change. The company is working in partnership with the Northern Territory and Australian governments, the broader community and Traditional Owners to identify initiatives to create new opportunities for the people of Nhulunbuy.

Priorities for Northern Australia

The focus for Rio Tinto for many years has been the discovery, development and operation of large, long-life operations. This is certainly the case with Rio Tinto Alcan's Weipa and Gove operations. The development of these large operations brought obligations on the company, or its forebears, at the time to develop and maintain communities to house its workforce. Over time, there has been a high level of dependency by the local communities on company resources. Both Weipa and Nhulunbuy have both grown over time and serve as regional hubs in their respective regions, with a strong presence of both state/territory and federal government departments and agencies.

In looking at the future for these communities, there needs to be a focus on developing strong economies that will support ongoing activity in regions post mining activity.

As a large company, Rio Tinto Alcan recognises that our operations can be a strong foundation for economic development and diversification. We therefore develop our business strategies in concert with the needs of the communities in which we operate. The company seeks to leverage its local presence and global capabilities to contribute to building sustainable economic

development throughout the lifecycle of our facilities, from development to closure. Our vision for our host communities is to assist with their long-term growth and diversification. We do so by engaging and partnering via business-led initiatives that create jobs and are focused on sectors where the community can demonstrate a sustainable competitive advantage. This work is often done in partnership with governments.

In the regions around Weipa and Nhulunbuy, there also needs to be a focus on changing the personal circumstances for Aboriginal people. Options for work that are both within and outside of the mining sector are important and valued.

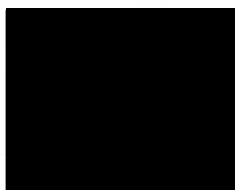
With the suspension of the alumina refinery operation, there is a good opportunity in North East Arnhem Land, and specifically in Nhulunbuy, to take advantage of surplus infrastructure in the region (housing, airport, seaport, education and child care facilities) to leverage new economic activity and regional development. This work cannot be done in isolation and will require the Northern Territory and federal governments, local communities and Rio Tinto Alcan to work in partnership to achieve sustainable outcomes.

In addition to regional economic development, Rio Tinto Alcan would like to see the Committee focus on matters such as:

- Improved infrastructure and services
- Security of tenure
- Improved educational outcomes
- Strengthening local government.

Rio Tinto Alcan would be willing to meet with Committee members to further develop the matters raised in this submission.

Yours sincerely



Pat Fiore
President and CEO, Bauxite & Alumina